

Message Text

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ACTION SS-14

INFO OCT-01 ISO-00 EUR-08 PM-03 INR-05 NSC-05 NSCE-00 L-01

SP-02 CIAE-00 SSO-00 INRE-00 /039 W

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O R 112005Z FEB 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 3132

USDAF WASHDC IMMEDIATE

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY THE HAGUE IMMEDIATE

C O N F I D E N T I A L BRUSSELS 1213

LIMDIS

DEPARTMENT FOR DEPUTY SECRETARY INGERSOLL;

USDAF FOR ASST SECRETARY SHRONTZ;

THE HAGUE FOR AMBASSADOR GOULD

E.O. 11652: GDS

TAGS: MARR, MASS, BE

SUBJECT: F-104 REPLACEMENT

REF BRUSSELS 01157

1. WE HAVE QUERIED SENIOR OFFICIALS IN THE FOREIGN AND ECONOMIC MINISTRIES ABOUT THE ACCURACY OF THE INFORMATION WE RECEIVED YESTERDAY ABOUT A "EUROPEAN SOLUTION" TO F-104 REPLACEMENT PROBLEM. THE STORY WE GET INDEPENDENTLY FROM THESE OFFICIALS TODAY IS AT VARIANCE WITH THE REPORT WE GOT YESTERDAY,.

2. THEY TELL US THAT THERE IS A BELGIAN PAPER THAT SUMMARIZES AND ANALYZES THE REPORT OF THE CONSORTIUM, BUT THAT IT DOES NOT ADVOCATE ANY POSITION. THEY ALSO TELL US THAT THE PURPOSE OF THE MEETING WITH THE DUTCH WAS TO EXCHANGE VIEWS ON THE CONSORTIUM REPORT AND TO REACH
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SOME UNDERSTANDING ON THE NEXT STEPS. THE BELGIANS

CONSIDER IT IMPORTANT TO MAKE EVERY EFFORT TO HAVE BELGIUM AND THE NETHERLANDS CHOOSE THE SAME AIRCRAFT. THE POSITIONS OF NORWAY AND DENMARK ARE LESS IMPORTANT TO THE BELGIANS.

3. IT APPEARS THAT THE MILITARY SUPERIORITY OF THE F-16 EMERGES CLEARLY FROM THE CONSORTIUM REPORT AND IS ACKNOWLEDGED BY MOST BELGIAN AND DUTCH OFFICIALS. HOWEVER, THERE ARE THOSE WHO CONTEND THAT THE HIGHER TOP SPEED OF THE F-1 IS SIGNIFICANT MILITARILY. ALSO THERE SEEMS TO BE SOME QUESTIONS ABOUT THE UNPROVEN NATURE OF THE FLY-BY-WIRE CONTROLS AND THE NEW MATERIALS USED IN PARTS OF THE FRAME. BUT, ON BALANCE, THE MILITARY SUPERIORITY OF THE F-16 IS ACCEPTED BY MOST.

4. WE ARE TOLD THAT THE CONSORTIUM'S REPORT SHOWS THAT THE PRICE OF THE F-16 IS 25 PERCENT LOWER THAN THAT OF THE F-1. ONE OF OUR SOURCES SAID THAT THE FRENCH WILL BE TOLD THAT IF THEY DO NOT DROP THEIR PRICE SUBSTANTIALLY, THEY WILL BE OUT OF THE RUNNING. HOWEVER, HE WENT ON TO SAY THAT SOME BELGIANS AND DUTCH ARE CONSIDERING WHETHER TO GIVE THE FRENCH A "EUROPEAN PREFERENCE," SO THAT IF, FOR EXAMPLE, THE FRENCH BRING THEIR PRICE TO WITHIN FIVE PERCENT OF THE AMERICAN PRICE, THE TWO PRICES WILL BE CONSIDERED TO BE EQUAL.

5. REPORTEDLY, THE BELGIANS AND THE DUTCH AGREED TO PUT ADDITIONAL QUESTIONS TO THE U.S. AND FRANCE. THE QUESTIONS IDENTIFIED BY OUR SOURCES ARE AS FOLLOWS. FRANCE WILL BE ASKED ABOUT PRICE (ABOVE ALL), THEIR CO-PRODUCTION OFFER, AND THE NATURE AND EXTENT OF FRENCH PARTICIPATION IN THE COMMON DEFENSE. THE U.S. WILL BE ASKED ABOUT A FIRM PRICE GUARANTEE, THE EXTENT TO WHICH ADVANCED TECHNOLOGY ITEMS WOULD BE PERMITTED TO BE MANUFACTURED IN BELGIUM, AND THE U.S. REQUIREMENT THAT BIDS OF EUROPEAN CO-PRODUCERS BE "REASONABLY COMPETITIVE."

6. ONE OF THE SOURCES WE TALKED TO TODAY SAID THAT HIS MINISTRY WAS WORKING TO ASSURE THAT NO DECISION IS TAKEN BY THE DEFENSE MINISTERS ON FEBRUARY 17. THE OTHER SOURCE CONFIDENTIAL

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SAID HE THOUGHT THAT, IN VIEW OF THE QUESTIONS TO BE POSED TO THE U.S. AND FRANCE AND THE TIME NEEDED TO GET AND CONSIDER THE ANSWERS, THE FEBRUARY 17 MEETING WOULD EITHER BE CALLED OFF OR NOT BE DECISIVE.

7. HOW CAN YESTERDAY'S AND TODAY'S CONTRADICTORY REPORTS BE RECONCILED? YESTERDAY'S AND TODAY'S REPORTS CAME FROM WELL-PLACED, SENIOR OFFICIALS WHO HAVE BEEN CONSISTENTLY

STRAIGHT WITH US. SO WE MUST ASSUME THAT THEY ARE BEING HONEST WITH US. BUT WE ALSO ASSUME THAT THEY SEE THIS COMPLICATED PICTURE FROM DIFFERENT ANGLES AND GIVE WHAT THEY SEE THEIR OWN PERSONAL TWISTS.

8. IT IS POSSIBLE THAT ONE PART OF THE INTERNAL BELGIAN PAPER SAID SOMETHING TO THE EFFECT THAT A "EUROPEAN SOLUTION" IS NOT POSSIBLE UNLESS THE FRENCH REDUCE THEIR PRICE AND/OR UNLESS THEY ARE GIVEN A "EUROPEAN PREFERENCE."

9. IN ANY CASE, IT NOW APPEARS THAT THE U.S. WILL NOT BE PRESENTED WITH A SUDDEN FAIT ACCOMPLI. IN FACT WE WERE ASSURED BY ONE OFFICIAL THAT THIS WOULD NOT HAPPEN.

10. WE CONCLUDE THAT:

A. THE DECISION ON WHICH PLANE TO BUY HAS NOT YET BEEN MADE.

B. THE DECISION PROBABLY WILL NOT BE MADE ON FEBRUARY 17 BUT WE SHOULD CONTINUE IN THIS PERIOD TO MAKE A MAXIMUM EFFORT.

C. THE ANSWERS WE AND THE FRENCH GIVE TO THE QUESTIONS TO BE POSED TO US WILL BE EXTREMELY IMPORTANT.

D. POLITICAL FACTORS RELATING TO THE DESIRABILITY OF MAINTAINING A VIABLE EUROPEAN AERONAUTICS INDUSTRY WILL PLAY AN IMPORTANT AND PERHAPS A DECISIVE ROLE.

11. I HAVE THREE RECOMMENDATIONS:

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FIRST, THAT THE U.S. BE AS FORTHCOMING AND COMPLETE AS POSSIBLE IN ANSWERING THE QUESTIONS.

SECOND, THAT THE U.S. GOVERNMENT AND THE CONTRACTORS STEP UP THE CAMPAIGN TO EXPLAIN THE F-16 PROGRAM TO BELGIAN OFFICIALS, CO-PRODUCERS, AND PRESS. THE JOURNALISTS' VISIT TO THE U.S. IS EXTREMELY IMPORTANT AND NO EFFORT SHOULD BE SPARED TO GIVE THEM DETAILED EXPLANATIONS ABOUT THE MILITARY AND ECONOMIC ASPECTS OF THE F-16 PROGRAM.

THIRD, THAT THE DEPARTMENT CONSIDER WHETHER THE ADOPTION BY BELGIUM AND THE NETHERLANDS OF A "EUROPEAN SOLUTION" FOR POLITICAL REASONS WOULD CREATE ADVERSE POLITICAL REPERCUSSIONS IN THE U.S. IF SO, NOW IS THE

TIME TO SAY SO.RENNER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FIGHTER AIRCRAFT, MILITARY PROCUREMENT, MILITARY AIRCRAFT, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 FEB 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRUSSE01213
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750049-1019
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750255/aaaabxas.tel
Line Count: 170
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 BRUSSELS 01157
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 14 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 APR 2003 by KelleyW0>; APPROVED <15 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: F-104 REPLACEMENT
TAGS: MARR, MASS, BE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006